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PP RUEHLN RUEHVK RUEHYG  
DE RUEHKV #0980 1480540  
ZNR UUUUU ZZH  
P 270540Z MAY 08  
FM AMEMBASSY KYIV  
TO RUEHC/SECSTATE WASHDC PRIORITY 5654  
INFO RUEHRC/USDA WASHDC  
RUCPDOG/USDOC WASHDC  
RUEATRS/DEPT OF TREASURY WASHDC  
RUCNCIS/CIS COLLECTIVE

UNCLAS KYIV 000980

SIPDIS

TREASURY FOR ALIKONIS  
DEPT PLS PASS USTR FOR CKLEIN/PBURKHEAD/EPORTER  
USDOC FOR 4231/ITA/OEENIS/NISD/CLUCYK  
USDA/FAS/OCRA FOR JFLEMINGS/DADAMS  
USDA/FAS/OGA FOR ROMEARA/JLAGOS  
USDA/FAS/PECAD FOR MLINDEMAN

E.O. 12958: N/A

TAGS: [ETRD](#) [EAGR](#) [WTRO](#) [UP](#)

SUBJECT: UKRAINE LIFTS QUOTAS ON GRAIN EXPORTS - THIS TIME WE'RE NOT KIDDING

REFS: A) STATE 53353  
B) KYIV 835  
C) KYIV 807

11. Finance Minister Viktor Pynzenyk announced to the press on May 21 that the GOU had decided to lift export restrictions on grain. (Note: Prime Minister Yulia Tymoshenko had made a similar announcement in April (ref C), but the government then in fact only loosened the restrictions, rather than abolish them (ref B). End Note.) Cabinet of Ministers Resolution #470, released to the public on May 23, confirmed the elimination of restrictions on grain exports, effective immediately. The move followed private comments from several government officials that a good harvest had obviated the need for export restrictions. Export restrictions on sunflower oil remain in place, however.

12. Comment: The cancellation of grain export quotas will have only a limited effect on domestic markets in the near term as traders will not be able to export grain in storage before the harvest. Logistics is likely to take over a month, with the first shipments of new crops likely to appear on the market in late June. Extra grain on the local market will therefore continue to keep domestic prices depressed, which was the ultimate goal of the export restrictions. Nonetheless, the GOU decision paves the way for increased grain exports to the global market at a time when supply is in desperate need, and it marks achievement of an important USG policy goal (ref A). End Comment.

TAYLOR